

SB0265



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB0265

Introduced 2/4/2009, by Sen. Jeffrey M. Schoenberg

SYNOPSIS AS INTRODUCED:

30 ILCS 265/11 new

Amends the Technology Development Act. Authorizes the State Treasurer to segregate up to 2% of the Treasurer's investment portfolio in the Technology Development Account IIa. Authorizes investments from the account to provide venture capital to help attract, assist, and retain quality technology businesses in Illinois. Contains provisions concerning soliciting proposals from entities to manage and be the General Partner of Technology Development Account IIb, consisting of investments from the private sector that must invest, at the direction of the Treasurer, in tandem with TDA IIa. Sets restrictions and conditions. Effective immediately.

LRB096 01715 RCE 11723 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Technology Development Act is amended by
5 adding Section 11 as follows:

6 (30 ILCS 265/11 new)

7 Sec. 11. Technology Development Account II.

8 (a) In addition to the amount provided in Section 10 of
9 this Act, the State Treasurer may segregate a portion of the
10 Treasurer's investment portfolio, that at no time shall be
11 greater than 2% of the portfolio, in the Technology Development
12 Account IIa ("TDA IIa"), an account that shall be maintained
13 separately and apart from other moneys invested by the
14 Treasurer. Distributions from the investments in TDA IIa may be
15 reinvested into TDA IIa without being counted against the 2%
16 cap. The Treasurer may make investments from TDA IIa that help
17 attract, assist, and retain quality technology businesses in
18 Illinois. The earnings on TDA IIa shall be accounted for
19 separately from other investments made by the Treasurer.

20 (b) The Treasurer may solicit proposals from entities to
21 manage and be the General Partner of a separate fund
22 ("Technology Development Account IIb" or "TDA IIb") consisting
23 of investments from private sector investors that must invest,

1 at the direction of the Treasurer, in tandem with TDA IIa in a
2 pro-rata portion. The Treasurer may enter into an agreement
3 with the entity managing TDA IIb to advise on the investment
4 strategy of TDA IIa and TDA IIb (collectively "Technology
5 Development Account II" or "TDA II") and fulfill other mutually
6 agreeable terms. Funds in TDA IIb shall be kept separate and
7 apart from moneys in the State treasury.

8 (c) Moneys in TDA IIa may be invested by the State
9 Treasurer to provide venture capital to technology businesses
10 seeking to locate, expand, or remain in Illinois by placing
11 money with Illinois venture capital firms for investment by the
12 venture capital firms in technology businesses. "Venture
13 capital", as used in this Section, means equity financing that
14 is provided for starting up, expanding, or relocating a
15 company, or related purposes such as financing for seed
16 capital, research and development, introduction of a product or
17 process into the marketplace, or similar needs requiring risk
18 capital. "Technology business", as used in this Section, means
19 a company that has as its principal function the providing of
20 services, including computer, information transfer,
21 communication, distribution, processing, administrative,
22 laboratory, experimental, developmental, technical, or testing
23 services, manufacture of goods or materials, the processing of
24 goods or materials by physical or chemical change, computer
25 related activities, robotics, biological or pharmaceutical
26 industrial activity, or technology oriented or emerging

1 industrial activity. "Illinois venture capital firm", as used
2 in this Section, means an entity that has a majority of its
3 employees in Illinois or that has at least one managing partner
4 or member of the general partner domiciled in Illinois, and
5 that provides equity financing for starting up or expanding a
6 company, or related purposes such as financing for seed
7 capital, research and development, introduction of a product or
8 process into the marketplace, or similar needs requiring risk
9 capital. "Illinois venture capital firm" may also mean an
10 entity that has a track record of identifying, evaluating, and
11 investing in Illinois companies and that provides equity
12 financing for starting up or expanding a company, or related
13 purposes such as financing for seed capital, research and
14 development, introduction of a product or process into the
15 marketplace, or similar needs requiring risk capital. For
16 purposes of this Section, "track record" means having made, on
17 average, at least one investment in an Illinois company in each
18 of its funds if the Illinois venture capital firm has multiple
19 funds or at least 2 investments in Illinois companies if the
20 Illinois venture capital firm has only one fund. In no case
21 shall more than 10% of the capital in the TDA IIa be invested
22 in firms based outside of Illinois.

23 (d) Any fund created by an Illinois venture capital firm in
24 which the State Treasurer places money pursuant to this Section
25 shall be required by the State Treasurer to seek investments in
26 technology businesses seeking to locate, expand, or remain in

1 Illinois.

2 (e) Notwithstanding the limitation found in subsection (d)
3 of Section 10 of this Act, the investment of the State
4 Treasurer in any fund created by an Illinois venture capital
5 firm in which the State Treasurer places money pursuant to this
6 Section shall not exceed 15% of the total investments in the
7 fund.

8 (f) The State Treasurer shall not invest more than
9 one-third of Technology Development Account II in any given
10 calendar year. If in any calendar year less than one-third of
11 Technology Development Account II is invested, 50% of the
12 shortfall may be invested in the following calendar year in
13 addition to the regular one-third investment.

14 (g) The Treasurer may deposit no more than 10% of the
15 earnings of the investments in the Technology Development
16 Account IIa into the Technology Development Fund.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.